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FROM USMISSION TO UNESCO
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SUBJECT: USUNESCO: DIRECTOR GENERAL BRIEFS ON UNESCO'S
ROLE IN OIL FOR PEACE PROGRAM

1. Summary. On Tuesday 8 November, the Director-General convened an information meeting on UNESCO's participation in the Oil-for-Food Program (OFFP). The meeting, which was originally requested by the British Delegation during the 172nd Executive Board in September, was intended to review the results of the Volcker Commission's report and UNESCO's role in the scandal. The DG presented an upbeat picture of UNESCO's accomplishments in Iraq and reported that "only" .52% of the dollars 120 million entrusted to UNESCO had been misspent. He also reviewed the recommendations on oversight contained in the Volcker report and steps taken to implement them. The director of UNESCO's Office of Internal Oversight also responded to questions. End summary.

2. In prepared remarks, the DG reviewed UNESCO's role in Iraq. He reported that among numerous accomplishments, the organization had helped rebuild 153 schools, 11 technical institutes and 3 universities, mostly in the northern part of the country. The DG also pointed out that he reorganized the management of the program when he took office in 2000 and noted that UNESCO had returned dollars 774,000 of unused funds. What he could not answer was what happened in the program between 1995 and 2000 when there was no internal oversight of the program at UNESCO.

3. The Director General also discussed the lessons learned and the management recommendations already taken. Among these lessons has been: 1) the need for better coordination between technical agencies; 2) the need to use staff with experience and technical knowledge; and 3) the need for improved internal oversight.

4. During a question and answer session, John Parsons, UNESCO's Director of Internal Oversight insisted that there has been good oversight since 2000 but was unable to say what happened between 1995-2000. The Iraqi ambassador also indicated his concern about this "black hole." (Note: in a subsequent private conversation with the Charge, the Iraqi ambassador expressed his general dissatisfaction with the meeting and the answers.)

5. The UK is particularly focused on this issue. Not only did they request this meeting, but they also raised numerous questions about the reforms that have been implemented. During the information session, the UK deputy expressed concern that UNESCO may pick and choose among the recommendations in the Volcker report. The UK ambassador also raised this issue in a November 10 meeting of the Geneva Group where it was felt that many of the Volcker recommendation's were already within the Geneva Group mandate.

6. Comment: Given the extent of corruption in the Oil for Food Program and the lack of oversight at UNESCO for five years, it is hard to believe that "only" .52% was misspent. While we have no way to verify that figure independently we can make sure UNESCO continues to implement management reforms across the board. KOSS